App.F.IX-4]

1924-5 Miscl.

File No. G.F. 76-24

Previous References. (G.F.)

G.F. 76-24-142.

Serial Nos. 3.

Later refer ences.

GF 76-24-445

57-251-33(1)

GENERAL & REVENUE SECRETARIAT

Serial Nos.

(R 10/6)

Part B for August 1925

SUBJECT

Accounts procedure to be followed in exhibiting the capital transactions of the Kolar District, Bangalore-Chickballapur and Nanjangud-Chamarajanagar Railways.

Secs 3. To. The Comptroller to Govt.

No. FL 1310 dated 28th August 1925

prescribes the procedure to be observed in respect of the various issues arising out of the proposals to exhibit in the accounts the total Capital expenditure of the Kolar District and Bangalore Chickballapur Light Railways approved in this Office letter No. F-(2452) of 8.11.24.

Serial No.

1. The reply communicated in letter dated 8th November 1924 to the Comptroller's proposal made in his letter dated 22nd August 1924 required further consideration and I, accordingly, asked Mr. B.S.Raghavendra Rao to follow in the Revised for the current year the old procedure of showing the share of capital contributed by Companies or District Boards for Railways as a minus entry on the expenditure side instead of as a plus entry under a new head on the receipt side.

2 The object of the Comptroller's proposal is to bring out in the Government Books, the gross outlay on the Railway lines in which the Company or a District Board has a capital interest. This is a very desirable arrangement in respect of lines in which Government are partners and there is provision in the agreements for the purchase by Government of the other partners' interest in the lines or, the probabilities are such that even without a purchase right reserved to them, Government may become full proprietors of the lines. The exhibition of the total capital transactions gives a more realistic idea of the Concern as it exists and works, irrespective of the different capital interests in it owned by two proprietors. In view of all these considerations, I think the proposal to show the capital contributions of Companies or District Boards on the receipt side and exhibit the capital outlay in gross on the expenditure

NOTE—Contn. Sheet

Serial No.

expenditure side may be adopted in regard to the B.C.L. and K.D. Railways.

3 Adopting the above procedure, the question arises as to how the outlay already incurred from contributions made by the Company and the District Board should be brought upon the Capital (Cost) accounts. Between the two lines, such outlay is a large amount and if the entry regarding it is passed through the accounts for 1924-25, there will be a large excess on the expenditure side, of course, counter-balanced by an equivalent entry on the receipt side, and it may be necessary to give some explanation of such excess to the Legislative Council. There is, of course, the alternative of making this adjustment by means of a ~~journal~~ journal entry and not passing it through the accounts for 1924-25.

4 The current contributions towards their capital outlay by the Company and the Board commencing from 1924-25 may be brought on both sides of the accounts according to the procedure suggested by the Comptroller. Whether according to this arrangement, the excess that would occur in 1924-25 and 1925-26 on the expenditure side would require any supplementary estimate to be voted by the Legislative Council is a point to be ascertained.

5 In the case of a line like the Nanjungud-Chamarajanagar Railway in which Government have no capital interest at all, it would not be proper to adopt the above procedure. Whether in respect

Serial No.

respect of construction or of working. Government are simply in the position of agents so far as this line is concerned and its monetary transactions with Govt. are of a deposit character. Whether the capital outlay financed from the funds furnished by the Board should be passed through a Deposit head or the Railway Capital head is a point to be settled.

6. After this line is opened for traffic, how its revenue transactions should be booked in the Government accounts is another point to be settled.

7. When the system of exhibiting capital transactions in gross in the case of lines in which Government have a capital interest is adopted, the head under which the contributions made by a Company or a District Board are credited, will have to be closed to balance and the amount outstanding under it from time to time will appear as a liability against the increased asset shown under Railways owing to the capital expenditure entry in gross.

8. Forwarded with compliments to the Comptroller for favour of opinion on the above points and on other connected points, if any, the settlement of which is necessary for making the new arrangement complete.

30/5/25

9 P.S. The question of treating any extra cess on the Contribution as a loan is a Separate matter unaffected by the above discussion.

30/5/25

COMPTROLLER'S OFFICE
Rlys & Roads
1 JUN 1925
4.55 pm
BA
2.6.283

NOTE—Contn. Sheet

General and Revenue Secretariat.

File No. 4778 of 19 24

Ec. o. 569/exp of 23.6.25

Ec o 1 o. 277 23/6/25

Serial No.

51275

GENL. & REV. SECTT. 24 JUN. 1925 G. D. SECTION.

B

11 Para. 1. - The change of procedure adopted in the current year's Revised Estimate for showing the share of Capital Outlay contributed by District Boards or Companies is noted.

12 Para. 2 - A separate head "Capital not charged to Revenue - Capital contributed by the District Boards or Railway Companies towards construction of Railways" has been opened and the transactions recorded under it in accordance with the orders communicated in Financial Secretary's letter No. Fl. 2452/G.F. 76-24-2 dated 8th November 1924 and this will be continued.

13 Para. 3. As regards the alternative methods discussed in this para. for the Outlay already incurred from contributions made by the Company and the District Boards being adjusted in Government Capital account, I see no objection to the adjustment being made by a journal entry, the variations in the figures being explained in the statement of Assets and Liabilities by a note for the information of the public.

14 Para. 4. In adopting the procedure of exhibiting in the gross the expenditure on capital account of the District Board and Company Lines under "Capital outlay not charged to Revenue" by taking credit on the receipt side for the expenditure incurred by the District Boards and Companies, the transactions are made to appear on both sides of the account, and no fresh additional outlay is involved. I do not therefore consider a supplemental estimate necessary.

I am not sure of the Public Accts Committee and the L.C. will agree in this view - In any case it is a Court matter and we may accept the Comptr's view for the present

26/6/25

NOTE—Contn. Sheet

15 Para. 5 - In the case of lines like the N.C.Ry the Capital outlay of which is financed entirely from District Funds, the transactions may be recorded under the head "Deposits (N.C. Ry Deposit account) instead of passing them through the above Capital account. This procedure may be provisionally adopted, the necessity for a change being considered, if need be, later on.

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Para.6 - The question re.the manner of booking the revenue transactions of the N.C. Railway in Government accounts, may be taken up for consideration when the Line is about to be opened for traffic.

16

Para. 7. The new head opened on the Receipt side in the case of Lines in which Government have a Capital interest will be closed to Balance. The excess of outlay in any particular year over the contributions will be treated as a loan and carried to a loan head. Orders to this effect having already been received and necessary instructions have also been issued to the Auditor. The Auditor, Mysore Railways will be responsible for the maintenance of the necessary loan accounts and for watching recoveries.

17

The Financial Secretary
& the Govt of Mysore.

T Satyanarayana Murty
Comptroller.

Ler 22/6/25

18 24/6/25

19 Forwarded with compts

RAILWAY SECRETARIAT
RECEIVED
27 JUN 1925
No. 145

General and Revenue Secretariat.

File No. 26 of 19 24

Serial No.

The Secy to Govt Rly Dept for favour of remarks on the new procedure proposed for debiting in Govt accts the transactions of the M & S M Railway Company Ltd.

M Venkatarama Rau
Mysore 26-2-25

20 Subd: for orders. The Rly: Secty: file No: 229/6 of 22-2-25 passing orders on the Inspection Reports of the Audit office by the Committee is put up. Vide Para 146 & orders thereon. (Flags T + U).

29/2

(O)

21 According to para 2 of the Govt No R.S 1635/43 Rly 7 16 G. 24-25 dt 26th Feb 25, the outlay incurred on the Construction of the N.C. Rly should be reimbursed to Govt by means of crossed cheques on monthly statements of expenditure to be intimated by the Auditor to the M & S M Board. Until the recovery is effected the amount will remain as an advance in Rly Books. As the M & S M Board has not deposited with Govt the amount of Debenture loan raised, there appears to be no reason to regard the loan as being under a "Deposit" head. The Auditor may be Consulted in the matter.

Secy

2/3/25

Mr Rangachar.

Please place in the file all previous correspondence on this subject before this Secy & Rly Secy

Mysore 26-2-25

M Krishna Rau

26/2

Connected file of Correspondence to Please see (1) 26-24-25

A. DIF. OF. TUE. 413 MYSORE. 2 JUL 1925 MYSORE RAILWAYS

J.O. No 145 2-7-1925

Auditor with Compts

2/7

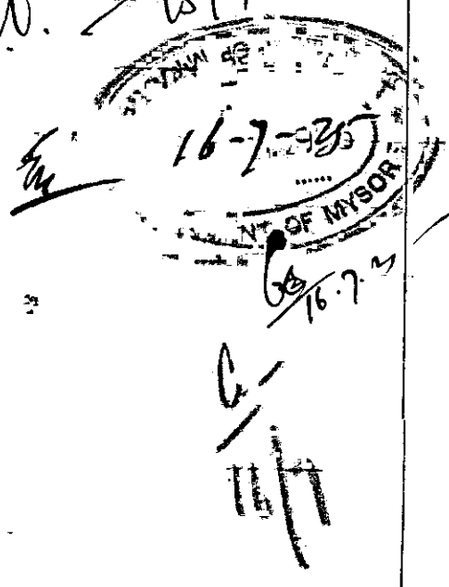
NOTE—Contn. Sheet

WD 986—GBPM—5,000 - 10-4-24

Railway Secretariat | File No. N (M) of 192 4

Serial No.

NO. RST 4577



16.7.25

G/ 16/7

Returned with compliments. ~~The Basic case which does not concern the Railways~~ I agree that as the position of the N.G. Railway is different from that of the K.S. and B.C.L. Railways, the transactions relating to it have to be recorded in a different manner in the Govt accounts. ~~The~~ As stated by the Comptroller they may be shown under a deposit head: in the same way as transactions relating to Branch lines are shown in the Govt of India accounts. As it is not however desirable to show a 'net' figure, which may even be 'zero' under the deposit head. Setting off the receipts & Exp against one another, I would suggest that the Capital outlay incurred & the deposit received may be continued to be shown separately under suitable heads which may be under deposits and each being closed to balance independently.

Rly Secy

Athanamuch.
14.7.25

WD 986—GBPM—5,000—10-4-24

Railway Secretariat | File No. 76 of 1924

Serial No.	
37	Draft submitted as per order Recommended 19.8.25 Pl. prepare a fair draft mad 23/8/25
	A typed fair draft is submitted Recommended 24.8.25 H Singh mad 24/8/25
	Issue mad 26.8.25
	Issued

29.8.25

H 1310/G. 25

76-24-3

dated 28 8/25

To

The Comptroller to the Government of Mysore, Bangalore.

Sir,

In continuation of this office letter No.Fl.2452 dated the 8th November 1924, approving of your proposal to exhibit in the accounts the total ~~in~~ capital expenditure of the Kolar District and Bangalore Chikballapur Light Railways on the expenditure side irrespective of the different capital interests ~~accrued~~ owned by separate --- proprietors viz., the Government on the one hand and the Kolar District Board and the Bangalore - Chikballapur Light Railway Company on the other and the Capital contributions of the District Board and the Company on the receipt side, I am directed to state that the outlay already incurred from contributions made by the Company and the District Boards ~~should~~ may be brought upon the Government Capital Account for 1924-25 by means of journal entries, so that total -- Capital transactions giving a ~~more realistic~~ correct idea of the concern as it exists and works may be exhibited in the accounts. The --- ~~various~~ variations in the figures may be explained in the statement of Assets and Liabilities ~~by~~ in a note ~~for the information of the public~~.

In adopting the procedure of exhibiting in the gross the expenditure on capital account of the District Board and Company lines under "capital outlay not charged to revenue"

~~on the receipt side~~

for the expenditure incurred by the District Boards and Companies, the transactions ~~are made~~ to appear on both sides of the account and no fresh additional outlay is involved requiring any supplementary or additional grants. The Capital head under which the contributions made by a Company or a District Board are credited should be closed to balance and the amount outstanding under it from time to time should appear as a liability against the increased --- asset shown under Railways owing to the Capital expenditure entry in gross. The excess of outlay in any particular year over the contributions should be treated as a loan and carried to a loan head. The compilers required to state where — in this Office or in the Ry. Audit Office — ~~The Auditor Mysore Railways will~~ be ~~responsible for the maintenance of the necessary~~ loan accounts, and ~~for watching their recoveries~~. The Loans should be kept and their recovery watched

2. In the case of a line like the Nanjangud-Chamarajnagar Railway in which Government have no capital interest ~~at all~~, the above procedure --- cannot be adopted as Government are simply in the position of agents and the ~~monitary~~ monetary transactions are ~~one of~~ the nature of deposits. The transactions may therefore be recorded under a new Head "Deposits" (~~N.C. Ry. Deposit Account~~). ~~How the revenue transactions should be booked in the Govt. accounts~~ may be ~~decided after this line is opened for traffic.~~

I have etc.,

Fl.Secy: to Govt.

Sent 24/25 Dated 24.8 28 8/25

Fl 1311 & 1312 (Copy to the Auditor for information)

Agent